



Health Services
LOS ANGELES COUNTY

**Los Angeles County
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December 2, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO THE RANCHO
LOS AMIGOS FOUNDATION CONTRACTING AND
MARKETING SERVICES AGREEMENT AND EXTENSION OF
GRANT AWARD
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

SUBJECT

Request Board approval to extend an Agreement with Rancho Los Amigos Foundation at no additional cost and extend Grant Agreement Award.

IT IS RECOMMENDED THAT YOUR BOARD

1. Approve and instruct the Interim Director of Health Services, or his designee, to execute Amendment No.1 to Agreement No. H-703366 with Rancho Los Amigos Foundation (Foundation) to extend the Agreement, effective January 1, 2009 through December 31, 2009, for the continued provision of contracting and marketing services at Rancho Los Amigos National Rehabilitation Center (Rancho), at the same rates and term of the current Agreement with no change to the maximum obligation of \$542,968 which is 100 percent offset with L.A. Care funds.
2. Delegate authority to the Interim Director of Health Services, or his designee, to enter into a six-month no-cost extension to the current L.A. Care Grant Award, effective July 1, 2009 through December 31, 2009, subject to prior approval by County Counsel and written notice to your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the amendment, substantially similar to Exhibit I, will allow the Foundation to complete the assessment and development of the

infrastructure to accept privately insured and Medicare patients at Rancho in accordance with the requirements of the Grant Award. The Agreement currently expires December 31, 2008 and the deliverables have not been completed.

The six-month extension for the Grant Agreement is necessary to make it co-terminus with the Rancho Foundation Agreement.

IMPLEMENTATION OF STRATEGIC PLAN GOAL

The recommended action supports Goal 1, Service Excellence, and Goal 7, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

There is no net County cost associated with this Amendment and the rates will remain the same. Of the \$542,968 grant funds, to date the Foundation has expended \$76,635, and the remaining unexpended grants funds of \$466,333 will be used for the 12 month extension for completion of the deliverables.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 12, 2007, your Board delegated authority to the Director of Health Services, or his designee, to accept several Grant Agreement Awards and one forthcoming award from L.A. Care for various County projects. The forthcoming award was the Contracting and Marketing Services Agreement for Rancho. In addition, on June 12, 2007, your Board delegated authority to the Director to enter into and sign an agreement with the Foundation for contracting and marketing services, fully offset by the L.A Care grant award. The Department advised your Board on July 1, 2008 of implementation delays and the request to L.A. Care for a 12-month no-cost extension of several grants including the Foundation grant.

The L.A Care award has funded a project under the County's Agreement with the Foundation to estimate the demand for private sector care at Rancho and develop the infrastructure to accept privately insured and Medicare patients while continuing to serve current County patients. Consultants have assessed the operational readiness of Rancho to accept privately-insured patients and have identified the health plans that will be approached.

On October 16, 2007, your Board delegated authority to the Director to negotiate and execute hospital services agreements with health plans and on December 1, 2007, Rancho entered into an Agreement with L.A. Care, the first health plan.

During this extension period, the consultants will continue working with the Department to negotiate and finalize contracts with other health plans.

Since this project is being funded with grant funds, L.A. Care must formally approve the recommended extension periods. The Department has obtained verbal approval of the extension from L.A. Care's Chief Executive Officer. Written approval is forthcoming upon receipt of approval by L.A. Care's Board of Directors.

County Counsel has approved the Amendment, Exhibit I, as to form.

CONTRACTING PROCESS

Rancho and the Foundation have an extensive working relationship, therefore, the Foundation was chosen as a sub-grantee due to its knowledge of Rancho's operations, patient population, administrative structure and community needs, as well as its expertise in administering past grants for Rancho.

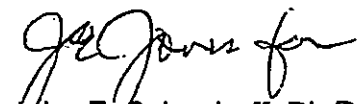
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended Amendment and no-cost grant extension will allow for the completion of the project using grant funds provided by L.A. Care and will assist DHS in continuing its efforts to improve access to care in Los Angeles County.

CONCLUSION

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:gh

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

EXHIBIT I

Contract No. H-703366-1

**DEPARTMENT OF HEALTH SERVICES
CONTRACTING AND MARKETING SERVICES AGREEMENT
FOR RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
WITH RANCHO LOS AMIGOS FOUNDATION**

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day of

_____, 2008,

by and between

COUNTY OF LOS ANGELES
(hereinafter "County"),

and

RANCHO LOS AMIGOS
FOUNDATION (hereafter
"Contractor").

WHEREAS, reference is made to that certain document entitled "CONTRACTING AND MARKETING SERVICES AGREEMENT", dated January 1, 2008, and further identified as County Agreement No. H-703366 (hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term for an additional 12 months through December 31, 2009; at no additional cost, and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by both parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective on January 1, 2009.

The first paragraph of Agreement Paragraph 1, TERM, shall be revised to read as follows:

"1. TERM: This Agreement shall be effective January 1, 2008 and shall continue, unless sooner terminated or canceled, in full force and effect to and including December 31, 2009."

2. Agreement Paragraph 4, MAXIMUM OBLIGATION OF COUNTY, shall be revised as follows:

"4. MAXIMUM OBLIGATION OF COUNTY: During January 1, 2008 through December 31, 2009, the estimated expenditures of County for Contractor's performance are Five Hundred Forty-Two Thousand, Nine Hundred Sixty-Eight Dollars (\$542, 968). Such maximum obligation is comprised entirely of L.A. Care funds. The sum represents the maximum obligation of County as shown in Schedule 1, attached hereto and incorporated herein by reference."

3. Effective January 1, 2009, Exhibit A, Rancho Los Amigos Rehabilitation Center Contracting and Marketing Project, Statement of Work, January 1, 2008 through December 31, 2008, shall be replaced by Exhibit A-1, as attached hereto and incorporated herein by reference.

4. During the extended term, Contractor shall be compensated according to the same payment provisions and same rate(s) specified in Agreement.

5. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Interim Director of Health Services and

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Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director of Health Services

RANCHO LOS AMIGOS FOUNDATION
Contractor

By _____

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION: _____

DEPARTMENT OF HEALTH SERVICES
CONTRACTS AND GRANTS DIVISION

Amendment:contracting and marketing
10/27/08:GH

**Rancho Los Amigos National Rehabilitation Center
Contracting and Marketing Project
STATEMENT OF WORK
January 1, 2008 through December 31, 2009**

Rancho Los Amigos Foundation will provide contracting and marketing expertise to increase access to care at Rancho Los Amigos National Rehabilitation Center.

A. Contracting expertise will include the following:

1. **Assessment and realignment of Rancho's infrastructure.**
Infrastructure will be developed to accept patients from all health plans including MediCal Managed Care plans, privately insured Medicare patients. Infrastructure development will include:
 - A strategic plan
 - Market study
 - Negotiation of contract with target organizations
 - Development and provision of competencies in contracting with health plans and other organizations that pay for, or direct provision of healthcare services.
2. **Addition of new funding sources to support Rancho's overall mission.**
3. **Education of Rancho staff in referral, billing, collection and discharge planning and processes as part of Consultant's recommendations for design/redesign.**

B. Marketing expertise will include the following:

1. **Re-branding of Rancho services and development of collateral materials.**
2. **Educational venues to showcase Rancho's rehabilitation history and rehabilitation expertise.**
3. **Assist with community outreach initiatives directed towards trauma physicians, case managers, therapy directors, and other community stakeholders.**

C. County Administrators shall monitor and evaluate deliverables and time line.

Rancho Los Amigos National Rehabilitation Center
Contracting and Marketing Project
Statement of Work
January 1, 2008 through December 31, 2009

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
Develop Contracting Plan	Targeted Completion within 90 days of Grant Release	<p>Trend historic admissions, days, patient origin, and revenue, payer mix by Medicare, Medi-Cal Capitated, HMO, PPO and Indemnity</p> <p>Trend the payer mix by major health plan and medical groups</p>	<p>Written Contracting Plan with the following:</p> <p>To be completed by 12/31/08 Preliminary Rate Proposal that exceeds hospital variable cost and that is comparable with the industry standards</p> <p>Completed Targeted health plans in priority order based on market share</p>	<p>A completed Rate Proposal sheet will be reviewed and signed off by Rancho CEO</p> <p>A completed priority list of targeted health plans signed off by Rancho CEO</p>
Develop Marketing Plan	<p>4/30/09</p> <p>4/30/09</p> <p>12/31/09</p> <p>8/31/09</p>	<p>Profile "competitor" programs in Southern California and compare strengths and operating statistics.</p> <p>Develop marketing materials, contacts, seminars</p> <p>Develop a long-term marketing budget</p> <p>Development of Multi-Media Marketing Tools (IE Videos, Web based, print ads)</p>	<p>No Cost Extension Written, comprehensive marketing plan that includes the following:</p> <p>Formal Marketing Brochure with a minimum shelf life of 4 years</p> <p>Development of a Community Education Calendar based on External Stakeholder Input</p>	

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
Assessment and Recommendations of Operations	Targeted Completion within 6 Months of Start Date	Determine operational readiness for referral process, billing and collections, discharge planning, etc.	Completed Report of review of operational readiness with recommended changes where needed to improve services access, patient & referral source satisfaction.	A comprehensive written report of operational readiness and recommended action steps completed and was presented to senior Rancho leadership staff.
Establish Contracting Performance Metrics (# of Admissions, Payor Mix, Service Area Market Share Growth)		Develop reporting tool to be used for the Contracting Performance Metrics	Completed Implement contracting performance metrics reporting and evaluate performance quarterly	Tracking mechanism for reporting metrics of negotiated contracts has been established.
Implement Marketing Plan	12/31/09	Begin Community Education Seminars/Meetings for External Referral Sources, Health Plans, and Patients	No Cost Extension Implement and facilitate community tours thru Rancho, Meet N Greets with key external stakeholders, and establish external Physician referral base.	
Negotiate and Secure Rehabilitation Contracts	Targeted Completion within 9 Months of Start Date	Work with facility, County Counsel, DHS and CEO to finalize negotiated contracts.	Approval of at least 5 rehabilitation contracts within first year. Initial Targeted Contracting Groups as follows: Completed 1. LA Care	A written contract is finalized and signed off by both the health plan and appropriate County officials for each health plan indicated.
	12/31/09	Work with facility, County Counsel, DHS and CEO to finalize negotiated contracts.	No Cost Extension Approval of at least 5 rehabilitation contracts within first year. Initial Targeted Contracting Groups as follows: 2. Community Health Plan 3. Blue Cross 4. Blue Shield	

OBJECTIVE	TIMELINE	ACTIVITIES	OUTCOME	EVALUATION
			5. Aetna 6. Kaiser Permanente 7. Healthnet 8. Cigna (now includes Great West) 9. Tri-Care OR as identified by Rancho staff.	
Implement Marketing Plan Target as follows: - The major health plans in Southern California - Capitated Medical Groups in Southern California - Regional/National Plans that are not focused on California , but have members that require tertiary, specialized rehabilitation services - Workers Compensation insurance plans - Potential Referring physicians that may not be affiliated with large physician organizations.	5/16/09 12/31/09 10/31/09	Attend Annual Regional Educational Conference Plan Four Targeted Outreach Events per year Hold Annual Stakeholder Forum from referral sources	No Cost Extension Increase in Rehabilitation admissions by 10% first year (approx. 100 admissions) Complete Multi-Media & Printed marketing materials ready for distribution	

Schedule I

Department of Health Services
Rancho Los Amigos Foundation
Rancho Los Amigos National Rehabilitation Center
Contracting and Marketing Project
January 1, 2008-December 31, 2009

I.	<u>Consulting Fees</u>	<u>Hourly Rate</u>	<u>No. of Hours</u>	<u>Budget</u>
	Contract Consultant	*\$130-\$275	**	\$331,000
	Marketing Consultant	*\$130-\$275	**	<u>\$108,160</u>
	Total Fees			\$439,160
II.	<u>Direct Expenditures</u>			
	Staff Training and Education			\$ 27,000
	Training and Education Materials			<u>\$ 50,000</u>
	Sub-total			\$ 77,000
	Total Fee and Direct Expenditures			\$516,160
III.	<u>Administrative Overhead</u>			
	Indirect Cost (5%) (fees and expenditures)			\$ 26,808
	Total Budget			\$542,968

*Any rate in excess of the range specified above, is subject to approval by the Chief Executive Office, County Counsel and LA Care.

**To be determined.

10/27/08:gh